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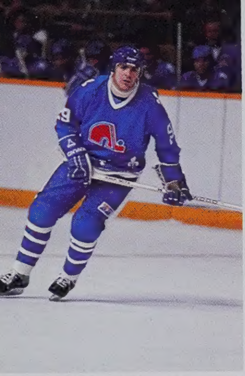
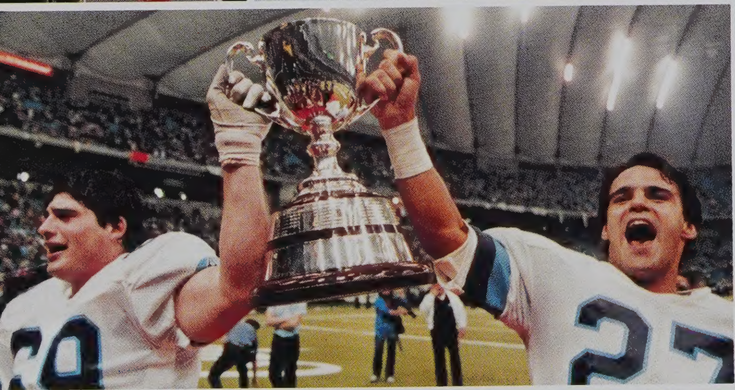
CARLING O'KEEFE LIMITED ANNUAL REPORT 1984



Miller
HIGH LIFE


Miller

Carlsberg

Interlude
vin blanc · white wine


BEAMISH
IRISH CREAM STOUT
BEAMISH

O'Keefe
LÉGÈRE
LIGHT
Bière
O'Keefe
Ale

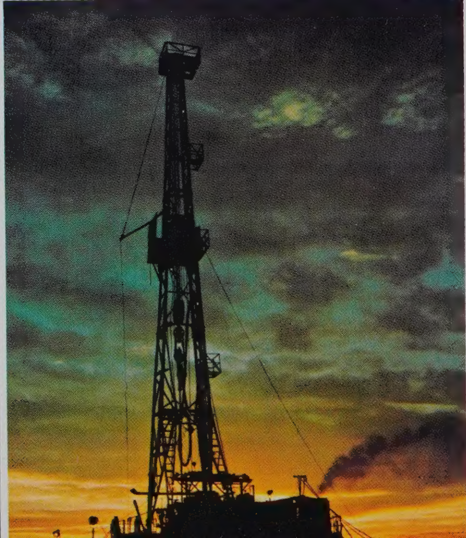
Carlsberg
Bock

Carlsberg
Light
Carlsberg
Gold
Carlsberg
Carlsberg
Beer Bière

BENNETT
Dominion
Ale

EXTRA LIGHT BEER
TRILIGHT
BIÈRE EXTRA LÉGÈRE

Old
Vienna

Spumante Bambino


O'Keefe's
EXTRA
OLD STOCK
MALT LIQUOR
LIQUEUR DE MALT
CARLING O'KEEFE BREWERIES
VANCOUVER CANADA

CARLING O'KEEFE LIMITED

ANNUAL REPORT

1984

SUMMARY OF OPERATIONS

	1984	1983	1982
BEER			
Sales–hectolitres	6,254,000	5,397,000	5,265,000
Sales revenue	$869,287,000	$709,820,000	$583,281,000
WINE			
Sales–hectolitres	226,000	235,000	217,000
Sales revenue	$ 59,348,000	$ 58,238,000	$ 48,563,000
OIL AND GAS			
Sales–gas (10^3m^3)	129,000	132,000	139,000
–oil and other (m^3)	82,000	70,000	64,000
Sales revenue	$ 19,831,000	$ 16,169,000	$ 12,289,000
CONSOLIDATED			
Sales revenue	$948,466,000	$784,227,000	$644,133,000
Earnings	$ 54,320,000	$ 38,069,000	$ 22,774,000
Earnings per common share	$2.40	$1.65	95¢
Dividends per common share			
–regular	37¢	26¢	20¢
–special	–	–	7.5¢

CONTENTS

Report to the Shareholders

The fiscal year ended March 31, 1984 was another year of significant growth for Carling O'Keefe Limited.

Consolidated earnings for the year were $54,320,000 or $2.40 per common share, compared to $38,069,000 or $1.65 per common share for the year ended March 31, 1983. Consolidated sales revenue for 1984 was $948,466,000, an increase of $164,239,000 or 21% over the previous year.

Cash flow from operations also increased, but cash and short term investments at March 31, 1984 were lower than last year. The decline reflected the reinvestment of funds in the increased capital expenditure programme, particularly the expansion of the Vancouver, Calgary and Toronto breweries to which I referred in last year's annual report, as well as the need to finance the higher inventories required as a result of the increased level of the brewing company's operations.

Dividends per common share increased from 7¢ to 10¢ per quarter commencing with the payment made on October 1, 1983 and totalled 37¢ per common share for the fiscal year.

A more detailed review and analysis of the operations follows later in this report. However, I would like to highlight certain aspects of the 1983/84 operating results.

Carling O'Keefe Breweries of Canada Limited had a very successful year and reported significantly higher sales volume, sales revenue and earnings. Sales volume increased by approximately 16% and represented an increase in market share of approximately four percentage points over last year. The increase reflected not only the success of the introduction of Miller High Life in Quebec, Ontario, Manitoba and Saskatchewan, but also the continued strength of the company's other major brands. As a result of the increased demand for the company's products, production facilities operated at maximum capacity for most of the year and still were unable to satisfy the market. The expansion of the Calgary and Vancouver plants, which was already underway, was accelerated and the first phase of the expansion of the Toronto plant was started. The capital expenditure programme for the year proceeded on schedule and permitted the launch of Miller High Life in Newfoundland, Alberta and British Columbia during May 1984.

The expansion of the Toronto brewery, which will increase its capacity by approximately 50%, is scheduled to be in production for the summer of 1985. Plans are also underway to begin the expansion of the breweries in Montreal and Saskatoon before the end of the 1985 fiscal year.

Sales volume of the Canadian brewing industry decreased by .1% from last year. This was very disappointing, considering that the major market areas in central and eastern Canada experienced the most favourable beer selling weather on record during the summer of 1983. The rate of industry growth has been minimal for the past

few years. It has been adversely affected by the economic recession, increases in selling prices and changes in the population mix which are not favourable to beer sales. The increases in selling price, which include sizeable increases as a result of increased taxation rates, tend to reduce industry volume, particularly in a time of poor economic conditions.

The lack of growth in the brewing industry has resulted in an unprecedented level of competitive activity, as companies strive to increase sales volume by taking share of market from competitors. This competitiveness is exemplified by the number of new brand launches, new styles of returnable bottles and cans, increased competitive bidding for television and marketing rights and, in certain provinces where it is permitted, the use of selling price for a marketing advantage. In order to protect and improve upon the gains which have been achieved in recent years, the company must participate in all aspects of this competitive environment.

Both of the company's professional sports franchises had successful years. The Toronto Argonauts of the Canadian Football League won both the Eastern Division title and the Grey Cup, which is emblematic of the League championship. The Quebec Nordiques completed their best season in the National Hockey League, finishing seventh overall and reaching the quarter finals of the Stanley Cup playoffs. I continue to believe that both of these sports franchises make a positive contribution to the marketing success of the company.

Beamish & Crawford Limited, the Irish brewing subsidiary, had a satisfactory year and reported increased share of market, sales volume and earnings expressed in Irish punts.

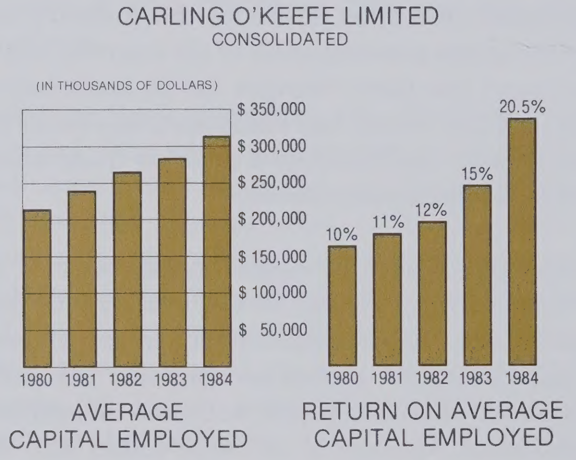
Jordan & Ste-Michelle Cellars Ltd. had a disappointing year and reported a decline in sales volume and earnings. The company entered the year anticipating that the positive effect of the improvements which had been made in the past would continue and that further growth would be achieved. However, sales of Canadian produced wines declined from last year, particularly in the Province of Ontario, which is the largest market for these wines. This was the result of imported wines from certain European countries becoming extremely price competitive, due to the strength of the Canadian dollar relative to European currencies and a change in the Ontario Government structure of handling charges and markup, which further reduced the price differential between imported and Canadian wines. Unless respective levels of government take steps to protect the domestic industry against low priced imported products, it is difficult to be optimistic about the future for this industry and for the grape growing areas of the country. It is to be hoped that these changes can be made before the industry, which has made such strides in the last decade, declines into a position from which it may be unable to recover.

Star Oil & Gas Ltd. concentrated most of its efforts during the year in the Province of Saskatchewan, where improvements in government regulations and incentives provide the most likelihood of an acceptable return on investment. Additional reserves of oil were found and the company reported increased earnings and oil production compared to last year. The long term future for the oil and gas industry in Canada largely depends on a restructuring of the tax and royalty system to provide the industry with a greater share of gross revenue and on obtaining increased markets for the export of natural gas to the United States. The growth of exports to the United States will depend to a large extent on pricing arrangements which will make Canadian natural gas more competitive in the United States market. In the meantime, Star will continue to operate within its own cash flow and will concentrate on the search for oil which can usually be sold immediately.

OUTLOOK

There is considerable concern about the extent and the strength of the recovery in the Canadian economy. The rate of inflation is tending to increase; interest rates remain extremely high and are trending upward; the value of the Canadian dollar relative to the United States dollar

has declined; unemployment levels remain unacceptably high; government deficits are extremely large and there appears to be little prospect of these deficits being significantly reduced in the near term. The lack of sustained growth in the economy and particularly the high unemployment levels are likely to continue to have an adverse effect on the sales volume of the alcoholic beverage industry. This will result in a further significant increase in the level of competition in the market place.



Management believes that the growth which has been achieved in the past few years can be maintained, but that further growth may be extremely difficult. The Corporation has a strong lineup of brands in both the beer and wine companies and a package of advertising and promotional vehicles has been put in place which will improve the marketing programme, particularly in the area of televised sports events. An extensive capital expenditure programme is underway which will both expand and renew the production facilities of the brewing company. This will allow the company to meet the demand for its brands in both Canada and the United States and will improve plant operating efficiencies. All of the foregoing makes us confident of the longer term future for the organization. In the shorter term, improvement in earnings will depend primarily upon our ability to maintain market share in the face of intense competition and to obtain or even maintain prices adequate to cover increased costs of employee compensation, production materials and supplies.

It is the objective of the Corporation to continue to grow in an orderly manner, to innovate and build upon its present success and to provide the highest quality in all areas of its endeavours for shareholders, customers and employees.

APPRECIATION

The 1983/84 fiscal year was a successful year for Carling O'Keefe Limited and its subsidiaries. However, the success was not achieved without overcoming numerous challenges and problems. Without the co-operation, dedication and support of all of our employees and our suppliers, we would not have been able to achieve these results. I would like to thank them all, on behalf of the Board of Directors, for their efforts during the past year.

May 22, 1984

S. Roderick McInnes
Chairman, President and Chief Executive Officer

Review of Operations

BREWING OPERATIONS–CANADA

Financial Year Ended March 31	1984	1983	1982
Sales–hectolitres	5,990,000	5,150,000	5,012,000
Sales revenue	$824,103,000	$661,761,000	$535,329,000
Earnings before interest and income taxes	$ 70,938,000	$ 61,881,000	$ 33,458,000
Earnings per hectolitre	$11.84	$12.02	$6.68

Despite the excellent summer weather of 1983, sales volume of the Canadian beer industry remained relatively flat compared to the preceding year. The lack of growth in the brewing industry was attributable to continued high levels of unemployment, the adverse effect on selling prices of increased taxes on beer and the growth of low price imported beer in western Canada. Despite the poor performance of the Canadian beer industry, Carling O'Keefe Breweries of Canada Limited's sales volume increased by approximately 16%, and market share improved over the preceding year by approximately four percentage points. Significant increases in market share were gained in Quebec, Ontario, Manitoba, Saskatchewan and Alberta. British Columbia and Newfoundland reported lower sales volume.

A major factor in the growth in sales volume was the success of Miller High Life, which was launched in mid-May 1983 in Quebec, Ontario, Manitoba and Saskatchewan. The market share achieved by this brand was well above expectations. The company's other major brands, including O'Keefe Ale, Old Vienna and the Carlsberg family, performed satisfactorily in the face of intense competition.

Earnings before interest and income taxes at $70,938,000 were 15% ahead of last year. The improved earnings were largely the result of increased volume. Higher selling prices were more than offset by increased sales and excise taxes, higher unit costs for labour, packaging materials and distribution and increased plant overheads and marketing expenditures.

Competition in the Canadian beer industry intensified during the 1983/84 fiscal year and featured the introduction of new brands in private mould bottles. In addition, certain existing major brands of competitors were converted to non-standard containers. This action placed in doubt the future use of the

industry compact bottle, and the company decided that it was prudent to include in its costs a provision of $6,600,000 as its share of the existing industry surplus of compact bottles which will no longer be required, due to the move to private mould bottles by competitors.

In Ontario and, to a lesser degree, in the other provinces, the company was unable to satisfy the market demand for its products during the summer months, due to limitations on production capacity. The extensive capital expansion programme, which began in the fiscal year ended March 31, 1982 to renew and expand the brewing production facilities, will continue in 1984/85. The expansion of the Calgary and Vancouver breweries is on schedule; production has started and the projects will be completed in the current fiscal year. The major expansion of the Toronto brewery, currently underway, is scheduled to be in production by the summer of 1985. The expansion of the Montreal and Saskatoon facilities is planned to begin during the current year.

Competitive pressure also resulted in an escalation of marketing spending. The company was successful in retaining the exclusive television broadcast rights to all Canadian Football League games for three years, commencing in 1984. In addition, the company has secured for the next five years television broadcast rights of all of the National Hockey League teams located in the United States. These agreements provide the company with excellent advertising vehicles in all major beer markets.

The Toronto Argonauts, the company's Canadian Football League team, had an excellent season, winning the Eastern Division title for the second year in a row and also winning the 1983 Grey Cup. The team's strong performance in the past two seasons increased the value of the club in promoting sales of the company's products.

The Quebec Nordiques, the company's National Hockey League team, enjoyed another good season, finishing third in its division and seventh overall in the League. The popularity of the Quebec Nordiques continued to grow within the Province of Quebec and in other provinces, further enhancing the image and promotion of the company's products.

The company's major labour contracts in Quebec and Ontario expire on December 31, 1984. The labour contracts in the other provinces expire during the spring of 1985, either coincident with the end of the fiscal year or later. It is hoped that it will be possible to negotiate new labour agreements without disruptions to operations.

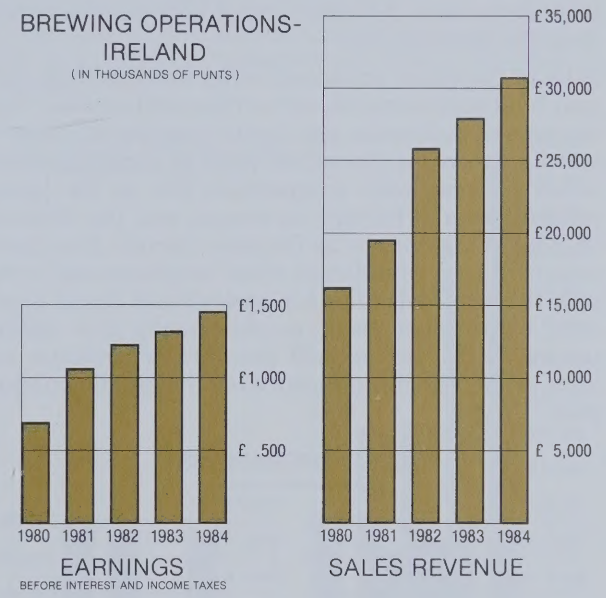
Century Importers, Inc., which has the sole distribution rights in the United States for O'Keefe Ale, Old Vienna and Cinci, had a satisfactory year. Sales volume increased over last year, despite the inability of the company to fully meet the demand for its products during the summer months, due to production capacity limitations at the Toronto plant. This situation is likely to continue in the peak sales months until the expansion of the plant is completed in time for the summer of 1985.

BREWING OPERATIONS–IRELAND

Financial Year Ended March 31	1984	1983	1982
Sales–hectolitres	264,000	247,000	253,000
Sales revenue	$45,184,000	$48,059,000	$47,952,000
Earnings before interest, foreign exchange and income taxes	$ 2,105,000	$ 2,146,000	$ 2,094,000
Foreign exchange loss	$ –	$ 702,000	$ 1,432,000
Earnings before interest and income taxes	$ 2,105,000	$ 1,444,000	$ 662,000
Earnings per hectolitre	$7.97	$5.85	$2.62

Beamish & Crawford Limited had a satisfactory year and reported increased sales volume and earnings expressed in Irish punts. Industry sales volume declined slightly during the year, as a result of continued difficult economic conditions and high unemployment. There was a significant increase in retail selling prices, resulting from increases in value-added-tax and excise duty and industry price increases, which also had an adverse effect on industry sales. The company's sales volume increased by 7%, as share of market improved. This improvement reflected the continued growth of the company's lager brands, Carling Black Label and Carlsberg. Earnings and sales revenue expressed in Canadian dollars declined from last year, as the result of the Irish punt being generally lower in value than last year when compared to the Canadian dollar.

The long term trend in the industry away from stout and ale to lager continues. The company is well placed to take advantage of this trend and should continue to improve its position in the Irish beer market.



INTERNATIONAL DIVISION

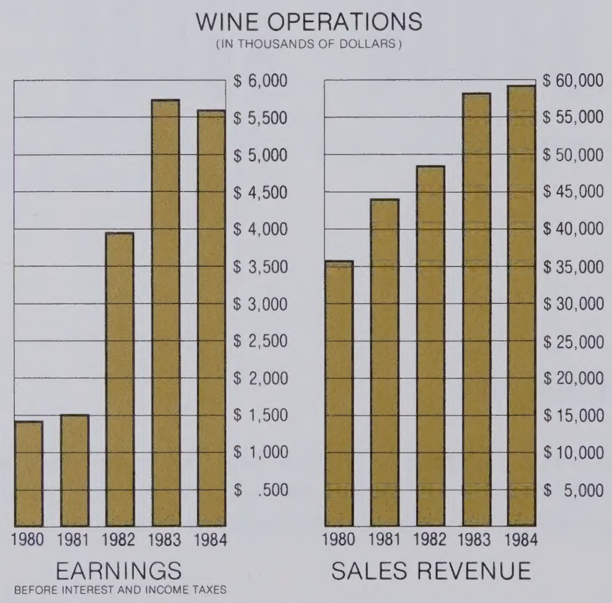
Royalty income from the sale of Carling Black Label in overseas markets, where it is produced under licence, was $1,459,000, compared to $1,464,000 the previous year. Sales volume and the rate of royalty payments increased over last year, but were offset by unfavourable exchange factors on conversion of pound sterling royalties to Canadian dollars.

WINE OPERATIONS

Financial Year Ended March 31	1984	1983	1982
Sales–hectolitres	226,000	235,000	217,000
Sales revenue	$59,348,000	$58,238,000	$48,563,000
Earnings before interest and income taxes	$ 5,596,000	$ 5,741,000	$ 3,949,000
Earnings per hectolitre	$24.76	$24.43	$18.20

The total wine market in Canada grew by only 0.5%, the lowest rate of growth for many years. Sales of table wines continued to outperform all other segments, and grew at a rate of 3%. White table wine enjoyed a 9% volume increase and accounted for 62% of all table wine sales. All other major segments declined from the previous year.

Sales of Canadian produced wines declined and they now hold approximately 47% of the total market. This segment of the market was under considerable downward pressure, as the selling price of some imported wines became more competitive, due to the lower relative value of foreign currencies and the removal of a handling charge in Ontario. Certain European countries have significant wine surpluses and complex forms of subsidies for agricultural based products, which also result in abnormally low selling prices. These factors will put further pressure on sales of Canadian produced wine during the coming year.



The company's sales volume declined by 4% from last year. Sales volume was lower in all regions of Canada, except for British Columbia where wine sales were equal to last year and cider sales showed excellent growth. The company's share of the national wine market declined, reflecting a lack of full participation in the Quebec market and lower sales in the Prairie Provinces. Market share improved in British Columbia and was equal to last year in the major market of Ontario, despite interruptions in production at the St. Catharines winery due to labour problems.

The company continued its programme of developing a complement of brands, with primary consumer benefits, which can be advertised on a national basis. Spumante Bambino, Maria Christina, Toscano and the recently launched Interlude have responded well to this approach in all markets. An innovative two litre bag-in-box was introduced during the year and is meeting good consumer acceptance. Light wine versions of Maria Christina and Toscano were also introduced. Growers Cider, a successful regional brand, performed very well as an advertised product in a specialty growth segment.

Sales volume of the retail store division in Ontario was lower than last year and followed the general pattern of declining sales in the province. Four additional stores were opened during the year, bringing the total to 33.

The company continued its programme of technological improvements. One of these allows the use of native labrusca grapes in the production of better quality wines. Interlude, a product of this technology, has met favourable consumer acceptance. Increased viticulture work was carried out at the company's greenhouse and experimental vineyards to improve the quality of the grape material and, thus, future wine products.

Sales revenue increased by 2% over the previous year. The effect of lower volume was offset by price increases which were necessary to recover the higher costs of raw materials, employee compensation, production and sales taxes, manufacturing overhead and marketing expenses.

The company currently is negotiating a labour contract in British Columbia, which expired December 31, 1983. The Surrey plant contract has recently been settled and runs to December 31, 1985. The Calgary winery and Ontario retail store contracts expire December 31, 1984 and the St. Catharines plant, March 31, 1985. It is anticipated that these negotiations will be concluded without labour difficulties.

OIL AND GAS OPERATIONS

Financial Year Ended March 31	1984	1983	1982
Sales–gas ($10^3 m^3$)	129,000	132,000	139,000
–oil and other (m^3)	82,000	70,000	64,000
Sales revenue	$19,831,000	$16,169,000	$12,289,000
Earnings before interest and income taxes	$ 9,089,000	$ 1,389,000	$ 3,907,000

Star Oil & Gas Ltd. had a successful year and reported significant increases in crude oil production, sales revenue and earnings. Sales revenue increased by 23% over last year, as a result of higher selling prices for crude oil and natural gas and increased oil production. Capital spending on exploration for and development of new reserves and on new facilities for the production of crude oil and natural gas increased by 25% to $8,771,000.

Production of crude oil and natural gas liquids averaged 223 m^3/d (1,403 bbls/d) before royalties, an increase of 16% over last year. The increase was the result of a successful drilling programme carried out in the oil producing area of southeast Saskatchewan, which added new reserves and production at Benson, Midale and Parkman, and a modest development drilling programme which established new reserves and production of oil in the Pembina and Garrington areas of Alberta. The programme in Saskatchewan was in response to a policy initiated by the Provincial Government which grants any new oil well drilled before December 31, 1985 a one year royalty free production period. As a result of this policy, the economics of developing and producing new oil in the province improved considerably. The industry response was immediate and resulted in a substantial increase in drilling activity and expenditures at provincial land sales.

Natural gas production averaged 354 $10^3m^3/d$ (12,565 MMcf/d) before royalties, a decrease of 2% from last year. Development drilling was carried out in the Hatton area of Saskatchewan to maintain the company's gas contract and to establish new reserves of natural gas in a formation below the presently producing gas zones. The decline in production was due primarily to reduced demand from the United States as a result of the relatively high cost of Canadian gas and a surplus of United States productive capacity. The United States Government has stated that the cost of Canadian natural gas is too high and that the price of any new natural gas imported will have to be at market value as established by direct negotiations between the buyer and seller and not at a price arbitrarily set by governments. The United States is the largest potential buyer of Canadian natural gas and there is no doubt that if Canada wishes to sell more gas to the United States, the price will have to be reduced from the current price of U.S. $4.40 per Mcf.

In Alberta, the Provincial Government reduced its Alberta Royalty Tax Credit on January 1, 1984 from 75% of royalty paid up to a maximum of $4,000,000 per year to 50% of royalty paid up to a maximum of $2,000,000 per year. This change had a negative impact on the company's net earnings for the year.

The Government of Alberta also announced an extension of its Crude Oil Royalty Holiday to include various categories of exploration wells. Development of new reserves and production of crude oil in Alberta yields a satisfactory rate of return and development drilling for oil will be carried out on lands controlled by the company. In addition, an active programme of land acquisition in potential oil producing areas is planned.

Capital expenditures in the United States were reduced by 40% compared to last year. The company participated in an oil discovery in Texas and now has an interest in six producing oil wells in the Ivadell pool.

In Canada, the company continued to acquire additional potential crude oil and natural gas rights. In the oil producing area of southeast Saskatchewan, the company purchased an interest in 3,350 hectares, and in the natural gas area of southwest Saskatchewan, purchased and earned by drilling an interest in 9,580 hectares. An interest in 1,728 hectares was purchased in Alberta.

In the current year, the company plans to increase its

capital spending. The programme of land acquisition and drilling in the oil area of southeast Saskatchewan will continue. The Government of Saskatchewan has announced that an agreement has been reached with the Alberta Government and TransCanada PipeLines Limited which will reduce the amount of Alberta natural gas purchased by Saskatchewan. This gas will be replaced by natural gas from southwest Saskatchewan, which is now shut-in. As a result, the company is negotiating a new gas purchase contract covering a portion of its shut-in reserves in the Hatton area and, if negotiations are successful, the company plans to have these reserves on production on November 1, 1984. Additional drilling and production facilities will be required during the current year to meet the expected new contract.

While the results for the year were encouraging, the National Energy Program, the Federal Provincial Energy agreements of 1981 and the high rates of provincial royalties continue to have a serious negative impact on the company's cash flow and earnings. If the various governments wish to see increased activity by the industry, they will have to restructure the tax and royalty programmes to provide the industry with a larger share of gross sales revenue which can then be re-invested. It is interesting to note that all of the new heavy oil projects now underway required royalty and tax concessions from both levels of government before the projects could be undertaken.

DRILLING ACTIVITY

	1984			1983		
	Working Interest Wells			Working Interest Wells		
	Total	Share	Royalty Interest Wells*	Total	Share	Royalty Interest Wells*
CANADA						
Gas	18	8.57	1	11	4.01	3
Oil	20	12.90	2	17	8.18	5
Dual zone oil and gas	2	0.26	–	2	0.75	1
Dry and abandoned	4	0.63	3	7	1.36	5
	44	22.36	6	37	14.30	14
UNITED STATES						
Gas	–	–	–	1	0.01	–
Oil	10	1.13	1	6	0.34	–
Dry and abandoned	2	0.14	–	2	0.25	2
	12	1.27	1	9	0.60	2
AUSTRALIA						
Dry and abandoned	–	–	–	1	0.08	–

*Drilled at no cost to Star under agreements with other companies.

As at March 31, 1984, Star held an interest in gross and net hectares of land as follows:

	PROVED			UNPROVED		
	Gross	Net	Royalty*	Gross	Net	Royalty
CANADA						
Alberta	47,734	14,789	18,012	126,638	28,688	2,179
British Columbia	2,728	864	1,113	40,556	11,383	268
Saskatchewan	36,991	12,948	160	41,617	24,930	60
Eastcoast Offshore	–	–	–	–	–	74,260
Total Canada	87,453	28,601	19,285	208,811	65,001	76,767
UNITED STATES						
Alaska	2,072	28	–	–	–	–
Colorado	–	–	–	97	24	–
Kansas	259	24	–	–	–	–
Montana	259	16	–	4,464	4,227	276
North Dakota	165	32	–	1,261	329	–
Oklahoma	1,810	194	–	1,179	311	–
Pennsylvania	299	30	–	–	–	–
Texas	1,246	165	–	1,913	967	–
West Virginia	320	51	–	–	–	–
Wyoming	–	–	–	9,981	2,388	198
Total United States	6,430	540	–	18,895	8,246	474
TOTAL	93,883	29,141	19,285	227,706	73,247	77,241

*The company is paid a royalty from 3% to 15% of production income from producing wells drilled by other companies at no cost to Star

STAR OIL & GAS LTD. MAIN PRODUCTION AREAS

• OIL PRODUCTION ✲ NATURAL GAS PRODUCTION ACTIVE PROJECTS

WESTERN CANADA

B.C.

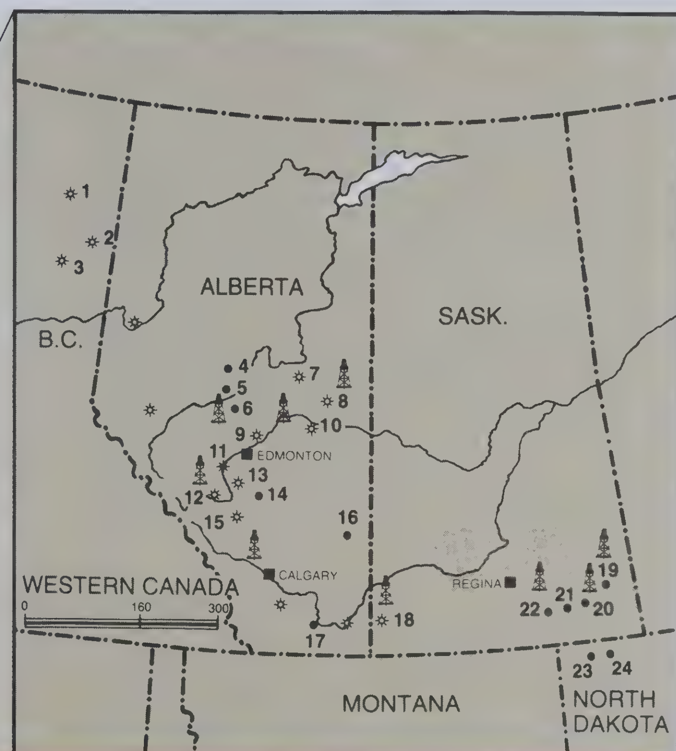
1 YOYO
2 DAHL
3 RIGEL

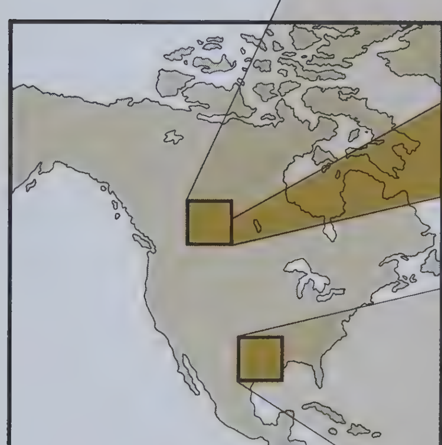
ALBERTA

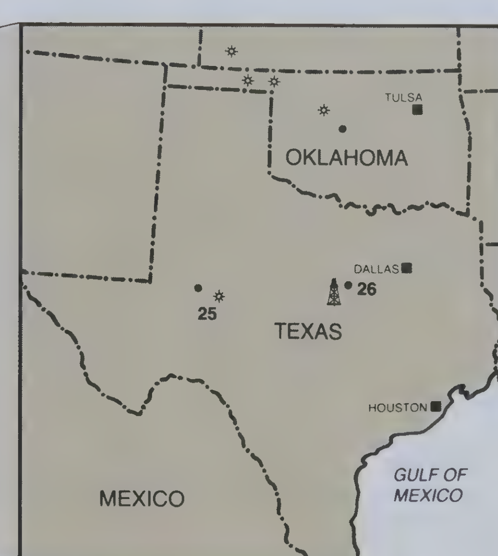
4 UTIKUMA
5 NIPISI
6 MITSUE
7 MARTEN HILLS
8 HEART LAKE
9 OPAL-REDWATER
10 BELLIS
11 PEMBINA
12 HOADLEY
13 WESTEROSE
14 CLIVE
15 SYLVAN LAKE-PREVO
16 HAYTER
17 TABER

SASKATCHEWAN

18 HATTON
19 PARKMAN
20 BENSON
21 MIDALE
22 WEYBURN







UNITED STATES

NORTH DAKOTA

23 COLUMBUS
24 PORTAL

TEXAS

25 DECK
26 IVADELL

RESPONSIBILITIES FOR FINANCIAL STATEMENTS

MANAGEMENT

Management is responsible for the preparation of the consolidated financial statements of Carling O'Keefe Limited and for their integrity and objectivity. The statements have been prepared on the historical cost basis in accordance with Canadian generally accepted accounting principles, which conform in all material respects with international standards, and which have been applied on a consistent basis, except for foreign currency translation as described in Note 2. The significant accounting policies followed are described in Note 1 to the financial statements.

Management is further responsible for maintaining a system of internal accounting controls, designed to provide reasonable assurance that the books and records reflect the transactions of the Corporation and that its established policies and procedures are carefully followed. The system is continually reviewed for its effectiveness and is augmented by written policies and guidelines, the careful selection and training of qualified personnel and a programme of internal audit.

AUDITORS

Price Waterhouse are appointed by the Shareholders as independent auditors to examine the consolidated financial statements of Carling O'Keefe Limited and report thereon. Their examination is conducted in accordance with generally accepted auditing standards and includes a review of internal accounting controls and tests of transactions. The Auditors' Report appears on Page 23.

AUDIT COMMITTEE

The Board of Directors, through the Audit Committee of the Board, reviews with Price Waterhouse the scope of their audit and the accounting principles to be applied in financial reporting and is responsible for assuring that management fulfills its responsibilities in the preparation of the financial statements. The Audit Committee, which is composed entirely of non-employee Directors, meets regularly with the independent auditors, representatives of management and the internal auditors to review the activities of each and to ensure that each is properly discharging its responsibilities. To ensure complete independence, Price Waterhouse have full and free access to meet separately with the Audit Committee, to discuss the results of their examination and their opinions on the adequacy of internal accounting controls and the quality of financial reporting.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS

The following analysis and explanatory comments relating to the operations of the Corporation should be read in conjunction with the consolidated financial statements, financial summaries and information on operations by segment which are provided elsewhere in this report.

RESULTS OF OPERATIONS

Consolidated earnings from operations increased during the fiscal year ended March 31, 1984, reflecting higher sales volume and improved margins. Brewing is the Corporation's principal business, and in 1984 it contributed 92% of consolidated sales revenue and 83% of earnings from operations before interest and income taxes. The level of contribution of the brewing operations to consolidated sales revenue has remained fairly constant over the three year period. However, the contribution to earnings from brewing operations was 83% in 1984, 90% in 1983 and 81% in 1982. The results include the operations of Century Importers, Inc., acquired effective April 1, 1982. An improvement in the consolidated return on average capital employed has been achieved during the period.

Effective April 1, 1983, the Corporation prospectively changed its accounting policy for foreign currency translation to conform to revised generally accepted accounting principles in Canada. The impact on prior years is shown in Note 12 to the financial statements, which reflects generally accepted accounting principles in the United States.

INCOME

Consolidated sales revenue increased by $164,239,000, or 21%, in 1984, compared to an increase of $140,094,000, or 22%, in 1983 and $106,785,000, or 20%, in 1982. In 1984, more than half the increase in sales revenue was attributable to higher sales volume, whereas the major portion of the increases in prior years was attributable to selling price increases. Sales volume improved during the period. An increased share of the Canadian beer market was achieved, while the industry volume showed no growth. Increased selling prices were required to cover increased production and sales taxes and higher manufacturing, marketing and distribution costs.

Investment and other income reflected the higher income from short term investments during the period, offset by the decline in the amount of discount recorded on the receivable from the sale of trade marks.

COSTS

Operating costs increased in all segments of the business, reflecting the general rise in cost of materials and services purchased, employee compensation and, in 1984, higher sales volume.

Production and sales taxes increased by $60,691,000, or 22%, in 1984, compared to increases of 24% in 1983 and 1982. The increases reflected increased rates of taxation, as the major portion of the taxes are

indexed, and higher sales volume.

Raw materials and manufacturing costs increased by $43,742,000, or 19%, compared to increases of $28,968,000, or 14%, in 1983 and $30,350,000, or 17%, in 1982. Costs during the period have reflected increased volume, higher unit costs for packaging materials and employee compensation and increased repairs and maintenance costs. In 1984, a provision of $6,600,000 was made for the write off of surplus compact beer bottles. A $4,900,000 write down of oil and gas assets in the United States was made in fiscal 1983.

Marketing and distribution costs increased by $42,167,000, or 24%, in 1984, which compared to increases of 16% and 15% in 1983 and 1982 respectively. The 1983 increase reflected the inclusion of Century Importers, Inc. for the first time. The increased marketing costs reflected higher unit costs of advertising production and broadcasting, as well as increased competition in the brewing industry for specific marketing vehicles, particularly those related to sports activities. Increased distribution costs were related to the increased volume and higher employee compensation and energy costs.

Administrative and general costs increased by $1,662,000, or 5%, compared to 26% and 14% in 1983 and 1982 respectively. The 1983 increase included Century Importers, Inc. for the first time, a higher than normal provision for doubtful accounts and increased office lease costs. Other costs have increased in line with the general rate of inflation.

Interest expenditures have declined during the period, as both short and long term debt have been repaid from the positive cash flow from operations. Foreign exchange costs in 1983 and 1982 reflected the increase in the value of the Canadian dollar relative to the Irish punt on the translation of the financial statements of Beamish & Crawford Limited, and a cost related to the translation of the rand receivable from the sale of trade marks. In 1984, the method of accounting for translation of self-sustaining foreign subsidiaries has been changed, as disclosed in Note 2 to the financial statements.

It should be noted that results of operations from one quarter to the next are not comparable, nor are they an indication of annual results, due to the seasonal nature of the alcoholic beverage industry, which traditionally has greater sales and earnings in the summer months. The fourth quarter of 1984 included the provision for surplus compact beer bottles, while the fourth quarter of 1983 included a write down of oil and gas assets in the United States. The lower earnings in the fourth quarter of 1984 reflected a reduced contribution from the Canadian brewing operations. This arose from a lower direct margin per hectolitre and increased marketing expenditures, which more than offset an increase of 14% in sales volume over the fourth quarter of 1983. The higher earnings in 1983 had resulted from increased volumes and improved margins, due to more timely implementation of selling price increases.

FINANCIAL POSITION

Consolidated net cash at March 31, 1984 was $10,734,000, a decrease of $20,901,000 during the year. A comparative consolidated statement of changes in financial position appears on Page 17.

In 1984, the Corporation's cash flow from operations increased by $17,756,000 to $79,657,000, primarily due to the higher earnings from operations. The improvement was more than offset by higher capital expenditures, increased working capital requirements and higher dividends paid on the common shares.

Consolidated working capital, excluding net cash, used in the Corporation's operations increased in 1984 by $11,875,000, following a decrease of $32,738,000 in 1983 and an increase of $18,295,000 in 1982. The current ratio at March 31, 1984 was 1.4:1, compared to 1.6:1 in 1983 and 1982.

Increased sales revenue in 1984 and 1983 did not result in a comparable increase in accounts receivable. Strict controls were maintained over receivables in Quebec and Newfoundland, and significant volume increases in Ontario did not result in higher receivables, as sales are made direct to the consumer for cash. Inventories in 1984 have increased, due to a planned increase in quantities to meet sales demand, as well as higher unit costs.

Accounts payable and accrued liabilities increased, reflecting higher levels of production, marketing and capital expenditures in the fourth quarters of 1984 and 1983. In addition, as in previous years, increases have occurred, due to higher unit costs for packaging materials, marketing costs and higher vacation pay accruals. The 1984 figure includes a $6,600,000 provision for surplus beer bottles. The timing of instalment payments for corporate income taxes has had a significant impact on the amount payable at March 31 for the last two years, following the improved earnings results in 1983.

Funds from operations during the three year period were used in the acquisition of property, plant and equipment and Century Importers, Inc.

Capital expenditures for the year were $73,800,000, compared to $33,424,000 in 1983 and $25,118,000 in 1982. The major capital expenditures during the period were in the Canadian brewing operations, with significant expenditures at the breweries in Vancouver, British Columbia; Calgary, Alberta and Toronto, Ontario. Details of capital expenditures by business segment are provided on Page 25.

The Corporation has projected consolidated capital expenditures of approximately $125,000,000 for the 1985 fiscal year, but the actual amount will depend on the specific timing of major projects. The increased level of capital expenditures in 1985 will be related to the completion of the expansion and renewal of the breweries located in Vancouver, Calgary and Toronto. The Vancouver and Calgary projects commenced in 1982 and the Toronto project in 1984. Further

expansions are under consideration and changing market conditions will be the determining factor as to when these projects will start.

Lines of credit have been arranged which are considered to be adequate to meet the anticipated operating and capital expenditure requirements for the coming year.

The Corporation reduced its long term debt by meeting its obligations under the terms of the debenture covenants and repaying the term loan. The continued reduction during the period has lowered the long term debt to only 2% of total shareholders' equity, compared to 3% in 1983 and 5% in 1982. There is ample room for increasing long term debt for the financing of an acquisition or capital expenditures, or if interest rates are such that the issuing of term debt is considered desirable.

The increased unfunded liability for pensions reflected improvements in pension benefits for all pensioners and salaried employees in Canada, effective January 1, 1984. The market value of the pension fund assets exceeded the vested and non-vested accrued benefit liabilities as at March 31, 1984.

Dividends were paid on the preference shares in accordance with their terms. Dividends on common shares were paid at the rate of 5¢ per quarter to July 1, 1982, 7¢ per quarter to July 1, 1983 and thereafter at 10¢ per quarter. A special dividend of 7.5¢ per common share was paid on October 1, 1981, in addition to the regular quarterly dividend.

The Corporation's cash flow during a year follows the seasonality of the brewing operations, which have higher sales in the summer months and in the December holiday season. During the winter period, maintenance programmes and expansion projects are carried out to coincide with reduced brewing activities. In addition, there is a cash flow fluctuation within each month, due to the timing of receipts and payments, which gives a relatively favourable cash position at each month end.

IMPACT OF INFLATION

The Canadian Institute of Chartered Accountants (CICA) has recommended the inclusion, on an experimental basis, of supplementary information relating to current cost. The method advocated by the CICA emphasizes the maintenance of operations at the present level and configuration using today's costs for property, plant and equipment, inventories and financial liabilities.

Future decisions regarding the replacement of property, plant and equipment and the manner of replacement will be made in light of economic, regulatory, technological and competitive conditions existing at the time. Replacement or modification of operating assets may occur, when or if required, provided profitability is sufficient to support the replacement cost. The assumption of maintaining operating capability is particularly questionable in the context of the oil and gas operations. The location and extent of reserves are unique and, once depleted, cannot be exactly replaced. Even if new reserves could be found, the current cost of finding the equivalent reserves would be difficult to quantify.

The Corporation recognizes that its production facilities were acquired over a number of years and that any adjustment to reflect constant dollar and current cost information would result in a significant increase in the value of property, plant and equipment and a corresponding increase in the depreciation charge for the year. Due to the nature of the business, inventories and cost of products sold would increase only marginally if current costs were used.

The CICA also recommends disclosure of certain financing related adjustments which reflect the favourable impact of maximizing net monetary liabilities in an inflationary period. The Corporation believes these adjustments are difficult to understand, have questionable validity and detract from the basic objective of current cost reporting.

The Corporation has decided not to participate publicly in the CICA experiment at this time, as it believes the results prepared using the CICA methodology are of questionable relevance and usefulness, but will continue to monitor the situation. The accounting bodies in the United Kingdom and the United States, who have been dealing with this matter for a longer time, are reviewing their disclosure requirements, in order to determine the usefulness of current cost accounting.

CARLING O'KEEFE LIMITED

(INCORPORATED UNDER THE LAWS OF ONTARIO)

CONSOLIDATED STATEMENT OF EARNINGS

(IN THOUSANDS OF DOLLARS)

	YEAR ENDED MARCH 31		
	1984	1983	1982
INCOME			
Sales revenue	$948,466	$784,227	$644,133
Investment and other income	6,512	5,554	6,251
	954,978	789,781	650,384
COSTS			
Production and sales taxes	335,134	274,443	221,154
Raw materials and manufacturing	279,109	235,367	206,399
Marketing and distribution	216,169	174,002	149,753
Administrative and general	36,162	34,500	27,332
Interest on long term debt	522	1,094	1,684
Other interest	237	903	2,558
Foreign exchange (Note 2)	–	863	3,770
	867,333	721,172	612,650
EARNINGS BEFORE INCOME TAXES	87,645	68,609	37,734
Income taxes (Note 10)			
Current	23,581	27,142	8,385
Deferred	9,744	3,398	6,575
	33,325	30,540	14,960
EARNINGS FOR THE YEAR	$ 54,320	$ 38,069	$ 22,774
EARNINGS PER COMMON SHARE FOR THE YEAR			
Preference share dividends	$ (2,022)	$ (2,037)	$ (2,046)
Earnings for the year applicable to 21,762,295 common shares outstanding	$ 52,298	$ 36,032	$ 20,728
Earnings per common share	$2.40	$1.65	95¢

CARLING O'KEEFE LIMITED

CONSOLIDATED BALANCE SHEET

(IN THOUSANDS OF DOLLARS)

ASSETS

	MARCH 31 1984	MARCH 31 1983
CURRENT ASSETS		
Cash and short term investments	$ 11,705	$ 32,553
Accounts receivable	46,505	47,876
Income taxes	528	–
Inventories (Note 4)	99,716	77,463
Prepaid expenses	6,745	5,389
Total current assets	165,199	163,281
PROPERTY, PLANT AND EQUIPMENT (NOTE 5)	384,460	318,903
Less accumulated depreciation and depletion	139,978	131,153
	244,482	187,750
OTHER ASSETS (NOTE 6)	39,975	39,254
	$449,656	$390,285

LIABILITIES AND SHAREHOLDERS' EQUITY

	1984	1983
CURRENT LIABILITIES		
Bank indebtedness and notes payable	$ 971	$ 918
Accounts payable and accrued liabilities	90,951	60,912
Income taxes	–	20,369
Other taxes	19,355	18,327
Dividends payable	2,681	2,030
Total current liabilities	113,958	102,556
LONG TERM LIABILITIES (NOTE 7)	6,288	9,435
DEFERRED INCOME TAXES	51,851	42,182
COMMITMENTS AND CONTINGENT LIABILITIES (NOTE 11)		
SHAREHOLDERS' EQUITY		
Capital stock (Note 9)		
Preference shares	41,770	42,020
Common shares	78,357	78,357
	120,127	120,377
Retained earnings	160,087	115,735
Cumulative translation adjustments (Note 2)	(2,655)	–
Total shareholders' equity	277,559	236,112
	$449,656	$390,285

APPROVED BY THE BOARD:

S. RODERICK McINNES, Director

LOUISE B. VAILLANCOURT, Director

CARLING O'KEEFE LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

(IN THOUSANDS OF DOLLARS)

	YEAR ENDED MARCH 31		
	1984	1983	1982
FUNDS PROVIDED BY			
Earnings for the year	$ 54,320	$ 38,069	$ 22,774
Items included in earnings not requiring an outlay of cash			
Depreciation, depletion and amortization	14,964	19,493	12,769
Deferred income taxes	9,744	3,398	6,575
Other	629	941	1,253
	79,657	61,901	43,371
Decrease in other working capital	–	32,738	–
Disposal of property, plant and equipment and other assets	1,031	1,096	1,908
Current portion of long term receivables	–	1,785	4,376
Additions to long term liabilities	102	941	35
	80,790	98,461	49,690
FUNDS USED FOR			
Additions to property, plant and equipment	73,800	33,424	25,118
Purchase of subsidiary company (Note 3)	–	9,320	–
Increase in other working capital	11,875	–	18,295
Additions to other assets	2,828	1,159	1,977
Reduction of long term liabilities	2,970	3,925	3,585
Dividends			
Preference shares	2,022	2,037	2,046
Common shares	8,052	5,658	5,985
Purchase of preference shares	144	111	126
	101,691	55,634	57,132
INCREASE (DECREASE) IN NET CASH	(20,901)	42,827	(7,442)
NET CASH AT BEGINNING OF YEAR	31,635	(11,192)	(3,750)
NET CASH AT END OF YEAR	$ 10,734	$ 31,635	$ (11,192)

Net cash represents cash and short term investments, less bank indebtedness and notes payable.

CARLING O'KEEFE LIMITED

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

(IN THOUSANDS OF DOLLARS)

	YEAR ENDED MARCH 31		
	1984	1983	1982
Balance at beginning of year	$115,735	$ 85,222	$ 70,349
Earnings for the year	54,320	38,069	22,774
Excess of carrying value over cost of preference shares purchased for cancellation	106	139	130
	170,161	123,430	93,253
DIVIDENDS			
Preference $2.20 per Series A share and $2.65 per Series B share	2,022	2,037	2,046
Common	8,052	5,658	5,985
	10,074	7,695	8,031
Balance at end of year	$160,087	$115,735	$ 85,222
Dividends per common share			
–regular	37¢	26¢	20¢
–special	–	–	7.5¢

CONSOLIDATED ANALYSIS OF CHANGES IN OTHER WORKING CAPITAL

(IN THOUSANDS OF DOLLARS)

	YEAR ENDED MARCH 31		
	1984	1983	1982
Accounts receivable	$ 1,371	$ 707	$ (7,429)
Inventories	(22,253)	(1,156)	(12,635)
Prepaid expenses	(1,356)	(988)	635
Accounts payable and accrued liabilities	30,039	14,004	(4,441)
Income taxes	(20,897)	16,629	585
Other taxes	1,028	3,111	4,994
Dividends payable	651	431	(4)
Change in cumulative translation adjustments	(458)	–	–
Decrease (increase) in other working capital	$ (11,875)	$ 32,738	$(18,295)

CARLING O'KEEFE LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The financial statements are prepared on the historical cost basis in accordance with accounting principles generally accepted in Canada, which conform in all material respects with those in the United States, except as disclosed in Note 12.

Principles of Consolidation

The principal operating subsidiaries are listed on Page 32. Purchase accounting has been followed for all acquisitions. For certain subsidiaries acquired prior to April 1, 1974, the excess of the cost of shares over the value of the underlying net tangible assets at the time of acquisition is carried at cost and is not amortized. Intangible assets acquired subsequently and sports franchises are amortized over periods not exceeding forty years.

Foreign Exchange

Foreign currency accounts of self-sustaining foreign subsidiaries are translated into Canadian dollars as follows: assets and liabilities at exchange rates in effect at the balance sheet dates; unrealized translation adjustments are reflected in shareholders' equity; income and other costs are translated at average rates of exchange during the year. All other foreign exchange gains and losses are included in earnings.

Inventories

Inventories of beverage products, materials and supplies are stated at the lower of average cost and net realizable value. Containers are recorded at amortized cost, which is lower than new replacement cost.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Depreciation is provided on the straight line basis at the following rates per annum:

Buildings	2½%-6⅔%
Machinery and equipment	6⅔%-10%
Motor vehicles	10%-25%

Oil and gas assets are accounted for using the full cost method, whereby all costs of exploration and development are capitalized on a country by country basis. Such capitalized costs, net of amortization, can not exceed net revenues from estimated future production of proved reserves at current prices and costs and the estimated fair market value of properties. Costs are amortized against income using the unit of production method based on proved oil and gas reserves.

Gains or losses on disposal of brewery, winery and significant oil and gas assets are included in earnings.

Other Assets

Other assets are recorded at cost or amortized cost.

Pensions

Current service costs are charged to operations as they accrue. Prior service costs arising from amendments to the plans and actuarial gains or losses are charged to operations generally over periods up to fifteen years.

Marketing Costs

Marketing costs, including those related to the introduction of new brands, are charged to operations during the year in relation to sales and are expensed by the end of the year in which the cost is incurred, except for the costs of certain rights which are deferred and amortized over the terms of the respective contracts.

Investment Tax Credits

Net investment tax credits relating to capital expenditures are accounted for as a reduction of income tax expense in the year earned.

2. CHANGE IN ACCOUNTING POLICY

Effective April 1, 1983, the Corporation prospectively changed its accounting policy for foreign currency translation to conform with the recommendations of the Canadian Institute of Chartered Accountants and Statement 52 of the Financial Accounting Standards Board in the United States. The change affects the method of translating financial statements of self-sustaining

foreign subsidiaries, primarily property, plant and equipment. As a result, unrealized foreign exchange translation gains and losses are included as an adjustment to shareholders' equity. The change had no significant effect on the current year's consolidated earnings.

In prior years, all foreign currency accounts were translated into Canadian dollars as follows: current accounts at exchange rates in effect at the balance sheet date; other balance sheet accounts and depreciation expense at historical rates of exchange; income and other costs at average rates of exchange during the year. The resulting exchange gains or losses were included in earnings.

3. ACQUISITION

Effective April 1, 1982, the Corporation acquired from an associated company all of the outstanding shares of Century Importers, Inc. for $6,235,000 in cash and assumed a working capital deficiency of $3,085,000. The excess of cost of shares over the underlying net tangible assets acquired amounted to $9,188,000.

4. INVENTORIES

	1984	1983
Beverage products, finished and in process	$51,739,000	$44,937,000
Materials and supplies	24,377,000	16,523,000
Containers	23,600,000	16,003,000
	$99,716,000	$77,463,000

5. PROPERTY, PLANT AND EQUIPMENT

	1984		1983	
	Cost	Accumulated depreciation and depletion	Cost	Accumulated depreciation and depletion
Land	$ 8,471,000	$ —	$ 7,008,000	$ —
Buildings	103,057,000	29,671,000	82,079,000	28,507,000
Machinery and equipment	162,863,000	73,800,000	131,229,000	71,340,000
Motor vehicles	19,283,000	9,867,000	17,276,000	8,691,000
Oil and gas assets	86,491,000	24,664,000	77,463,000	21,026,000
Leasehold improvements	4,295,000	1,976,000	3,848,000	1,589,000
	$384,460,000	$ 139,978,000	$318,903,000	$ 131,153,000

6. OTHER ASSETS

	1984	1983
Sports franchises, less amortization $1,641,000 (1983–$1,310,000)	$11,603,000	$11,934,000
Deferred charges and other investments	7,051,000	5,705,000
Cost of shares of subsidiaries in excess of underlying net tangible asset value at acquisition, less amortization $803,000 (1983–$509,000)	21,321,000	21,615,000
	$39,975,000	$39,254,000

7. LONG TERM LIABILITIES

	1984	1983
Sinking fund debentures		
Series D 5½% due April 1, 1986	$ 1,600,000	$ 2,396,000
Series E 5½% due April 1, 1989	3,831,000	4,873,000
Term bank loan	–	3,000,000
Obligations under capital leases	200,000	369,000
Advances under gas contracts	1,782,000	1,691,000
	7,413,000	12,329,000
Less amount included in current liabilities	1,125,000	2,894,000
	$ 6,288,000	$ 9,435,000

Obligations under capital leases are disclosed in Note 11.

Principal payments on long term liabilities for years 1985 through 1989 are as follows: 1985–$1,125,000; 1986–$2,001,000; 1987–$1,279,000; 1988–$1,279,000; 1989–$1,279,000.

8. PENSIONS

The Corporation and its subsidiaries maintain defined benefit pension plans for substantially all employees, which provide for pensions based on length of service and level of remuneration, and generally fund pensions with independent trustees in accordance with legal requirements. Certain supplementary pensions are unfunded and charged to operations when paid. Based on recent independent actuarial valuations, unfunded prior service obligations are estimated at $15,800,000. The unrecorded unfunded amounts are being charged to operations generally over periods up to fifteen years as described in Note 1. Total pension expense for the year ended March 31, 1984 was $6,997,000 (1983–$7,852,000; 1982–$6,937,000).

9. CAPITAL STOCK

	1984	1983
Authorized		
835,407 preference shares, issuable in series		
30,001,260 common shares		
Issued		
433,745 $2.20 cumulative redeemable preference shares, Series A	$21,687,000	$21,687,000
401,662 $2.65 cumulative redeemable preference shares, Series B (1983–406,662)	20,083,000	20,333,000
	$41,770,000	$42,020,000
21,762,295 common shares	$78,357,000	$78,357,000

The Series A and B preference shares are redeemable at the option of the Corporation at $53.00 and $52.50 per share respectively. During the year ended March 31, 1984, 5,000 Series B shares were purchased on the open market for cancellation (1983–5,000; 1982–5,125).

Rothmans Investments Limited, a wholly owned subsidiary of Rothmans of Pall Mall Canada Limited, is the owner of record of 50.1% of the Corporation's common shares.

10. INCOME TAXES

The difference between a basic income tax rate and the effective income tax rate based on income tax legislation is accounted for as follows:

	1984	1983	1982
Basic rate	50%	50%	50%
Income taxes at basic rate	$43,822,000	$34,304,000	$18,867,000
Incentives	(8,828,000)	(5,065,000)	(3,154,000)
Alberta Royalty Tax Credit	(2,066,000)	(2,712,000)	(2,063,000)
United States oil and gas write down	–	2,450,000	–
Foreign exchange	–	438,000	1,456,000
Other–net	397,000	1,125,000	(146,000)
Income taxes–consolidated statement of earnings	$33,325,000	$30,540,000	$14,960,000
Effective income tax rate	38%	45%	40%

Incentives include manufacturing and processing credits, investment tax credits, inventory allowances and resource and depletion allowances, net of royalties.

Deferred income taxes primarily reflect timing differences between accounting and tax depreciation.

11. COMMITMENTS AND CONTINGENT LIABILITIES

In the normal course of business, the Corporation has commitments, including royalties payable under licensing agreements, capital expenditures and the purchase of television rights, agricultural products and returnable containers.

Commitments under operating lease obligations relate to sports facilities, warehouses, retail stores and offices. Containers and equipment leased under capital leases are included in their respective asset categories and are depreciated accordingly. The following table summarizes the minimum rental payments due after March 31, 1984.

Year Ending March 31	Capital Leases	Operating Leases	Total
1985	$ 136,000	$ 4,016,000	$ 4,152,000
1986	101,000	3,628,000	3,729,000
1987	–	2,769,000	2,769,000
1988	–	1,434,000	1,434,000
1989	–	1,207,000	1,207,000
Thereafter to 1999	–	4,577,000	4,577,000
Total minimum rental payments	237,000	$17,631,000	$17,868,000
Less imputed interest	37,000		
Obligations under capital leases	$ 200,000		

There are a number of outstanding claims and legal actions involving the Corporation. In the opinion of counsel, the outcome of these matters should have no material effect on the Corporation's financial position.

12. INFORMATION PRESENTED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN THE UNITED STATES

Effective April 1, 1983, the Corporation prospectively changed its accounting policy for foreign translation, as set out in Note 2.

To conform with United States generally accepted accounting principles, earnings for the year and earnings per common share and the translation adjustment to shareholders' equity as at March 31 for the two preceding years would have been as follows:

	1983	1982
Earnings for the year as reported	$ 38,069,000	$22,774,000
Adjustment for foreign currency translation previously expensed	591,000	1,448,000
Adjusted earnings for the year	$ 38,660,000	$24,222,000
Adjusted earnings per common share	$1.68	$1.02
Retained earnings reported as at March 31	$115,735,000	$85,222,000
Cumulative translation adjustments	(2,061,000)	(1,214,000)
Adjusted retained earnings	$113,674,000	$84,008,000

13. OTHER

The information on operations by segment is presented on Page 25.

Price Waterhouse
CHARTERED ACCOUNTANTS

Box 51 Toronto-Dominion Centre
Toronto, Ont. M5K 1G1
(416) 863-1133 Telex 065-24111

May 22, 1984

Auditors' Report

TO THE SHAREHOLDERS OF CARLING O'KEEFE LIMITED:

We have examined the consolidated balance sheet of Carling O'Keefe Limited as at March 31, 1984 and 1983 and the consolidated statements of earnings, changes in financial position, retained earnings and analysis of changes in other working capital for each of the three years in the period ended March 31, 1984. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the results of operations, changes in financial position and changes in working capital of the Corporation for each of the three years in the period ended March 31, 1984 and its financial position as at March 31, 1984 and 1983, in accordance with generally accepted accounting principles applied, except for the change, with which we concur, in the method of accounting for foreign currency translation as explained in Note 2 to the consolidated financial statements, on a basis consistent with that of the preceding years.

Price Waterhouse
Chartered Accountants

LINES OF BUSINESS

Carling O'Keefe Limited, through its subsidiaries, manufactures and sells brewery and wine products in Canada and brewery products in Ireland. It also owns a producing oil and gas company, which operates primarily in Canada. All subsidiaries are wholly owned.

Carling O'Keefe Breweries of Canada Limited is one of three major brewing companies who together account for approximately 96% of all Canadian beer sales. The company has 3,550 employees and operates seven breweries in Canada, with an annual production capacity of approximately 6,440,000 hectolitres. One plant is located in each of the Provinces of Newfoundland, Quebec, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia. In Ontario, Manitoba, Saskatchewan, Alberta and British Columbia, the company, together with other Canadian brewers, jointly owns companies for the distribution of their products and pays its respective share of operating costs based on market share. In the Provinces of Quebec and Newfoundland, beer is distributed through independent distributors and company branches. The company manufactures and sells its own and licensed brands. Principal brands are O'Keefe Ale, Miller High Life, Old Vienna, The Carlsberg Family, O'Keefe's Extra Old Stock and Carling Black Label. Exports of Old Vienna, O'Keefe Ale and Cinci to the United States are distributed through Century Importers, Inc. The company owns hockey and football franchises. Le Club de Hockey Les Nordiques operates the National Hockey League team in Quebec City, the American Hockey League team in Fredericton and the Quebec Major Junior League team in Quebec City. The Argonaut Football Club operates the Canadian Football League team in Toronto.

Jordan & Ste-Michelle Cellars Ltd. has 290 employees and operates three wineries, with a combined storage capacity of approximately 457,000 hectolitres. One winery is located in each of the Provinces of Ontario, Alberta and British Columbia. With the exception of sales through 33 company operated retail stores in Ontario, all sales are made through outlets operated by Provincial Liquor Boards. The company uses two trading styles, Jordan and Ste-Michelle. The principal brands are Maria Christina, Toscano, Spumante Bambino, Falkenberg and Growers Cider.

Star Oil & Gas Ltd. has 19 employees and is engaged in the exploration for and the development and production of oil and gas. The estimated proved developed and undeveloped net crude oil and natural gas liquids and natural gas reserves before royalties at March 31, 1984 were 725,000 cubic metres and 4,032,000,000 cubic metres respectively. These are primarily located in the Provinces of Alberta and Saskatchewan.

Beamish & Crawford Limited has 350 employees and operates a brewery in Cork, Republic of Ireland, with an annual production capacity of approximately 290,000 hectolitres. The Irish market is dominated by one brewer who accounts for approximately 90% of the total industry, with the remaining market shared by Beamish & Crawford and one other brewer. Beer is distributed either through independent distributors or directly to retail outlets. Principal brands are Carling Black Label, Carlsberg and Bass.

Other income is derived from investments and from royalties under a licensing arrangement for the production and sale of Carling Black Label.

The Corporation is deemed to be foreign controlled under the Foreign Investment Review Act. As such, it may not acquire control of a Canadian business enterprise nor establish a new unrelated business in Canada, without obtaining allowance of the investment pursuant to the Act. Under the foreign ownership provisions of the National Energy Program of the Government of Canada, the Corporation is not eligible for certain oil and gas incentives.

FIVE YEAR FINANCIAL SUMMARY
INFORMATION ON OPERATIONS BY SEGMENT
(IN THOUSANDS OF DOLLARS)

	1984	1983	1982	1981	1980
SALES REVENUE					
Beer	$869,287	$709,820	$583,281	$481,189	$432,546
Wine	59,348	58,238	48,563	44,021	35,873
Oil and gas	19,831	16,169	12,289	12,138	9,640
Consolidated	$948,466	$784,227	$644,133	$537,348	$478,059
EARNINGS FROM OPERATIONS					
Beer	$ 73,043	$ 63,325	$ 34,120	$ 24,331	$ 22,494
Wine	5,596	5,741	3,949	1,512	1,434
Oil and gas	9,089	1,389	3,907	5,729	4,720
	87,728	70,455	41,976	31,572	28,648
Corporate income–net	676	151	–	3,947	3,210
Interest expense	(759)	(1,997)	(4,242)	(3,098)	(2,639)
Income taxes	(33,325)	(30,540)	(14,960)	(12,636)	(11,881)
Consolidated	$ 54,320	$ 38,069	$ 22,774	$ 19,785	$ 17,338
IDENTIFIABLE ASSETS					
Beer	$318,420	$242,599	$210,367	$187,627	$161,853
Wine	57,680	56,032	55,867	52,801	52,681
Oil and gas	66,091	60,287	63,513	58,967	51,993
	442,191	358,918	329,747	299,395	266,527
Corporate	7,465	31,367	11,930	18,103	14,306
Consolidated	$449,656	$390,285	$341,677	$317,498	$280,833
CAPITAL EXPENDITURES					
Beer	$ 63,174	$ 24,480	$ 15,527	$ 15,637	$ 11,468
Wine	1,855	1,920	2,619	2,050	1,970
Oil and gas	8,771	7,024	6,972	8,800	11,953
Consolidated	$ 73,800	$ 33,424	$ 25,118	$ 26,487	$ 25,391
DEPRECIATION AND DEPLETION					
Beer	$ 9,608	$ 8,811	$ 7,645	$ 7,094	$ 6,661
Wine	1,419	1,335	1,194	1,144	1,040
Oil and gas	3,312	8,722	3,535	2,367	2,040
Consolidated	$ 14,339	$ 18,868	$ 12,374	$ 10,605	$ 9,741

Earnings by segment represents sales revenue, less all operating expenses other than corporate costs, interest and income taxes. Identifiable assets are those that are used in the Corporation's operations in each industry. Corporate assets comprise cash, short term investments, receivable from sale of trade marks and mortgage receivable.

FIVE YEAR FINANCIAL SUMMARY

(UNAUDITED)
(IN THOUSANDS OF DOLLARS)

	1984	1983	1982	1981	1980
EARNINGS					
Earnings from operations	$ 54,320	$ 38,069	$ 22,774	$ 19,785	$ 17,338
Extraordinary item	–	–	–	10,500	–
Earnings for the year	$ 54,320	$ 38,069	$ 22,774	$ 30,285	$ 17,338
Dividends					
Preference	$ 2,022	$ 2,037	$ 2,046	$ 2,062	$ 2,077
Common					
Regular	$ 8,052	$ 5,658	$ 4,352	$ 4,352	$ 2,176
Special	$ –	$ –	$ 1,633	$ –	$ –
Earnings per common share					
Before extraordinary item	$2.40	$1.65	95¢	82¢	70¢
After extraordinary item	$2.40	$1.65	95¢	$1.30	70¢
Dividends per common share					
Regular	37¢	26¢	20¢	20¢	10¢
Special	–	–	7.5¢	–	–
BALANCE SHEET					
Current assets	$165,199	$163,281	$135,243	$117,499	$103,858
Current liabilities	113,958	102,556	84,607	77,716	64,423
Working capital	51,241	60,725	50,636	39,783	39,435
Property, plant and equipment–net	244,482	187,750	173,849	161,874	147,847
Other assets	39,975	39,254	32,585	38,125	29,128
Net assets	335,698	287,729	257,070	239,782	216,410
Long term debt	4,722	7,744	10,706	14,744	18,195
Other long term obligations	53,417	43,873	40,515	33,806	30,704
Preference shares	41,770	42,020	42,270	42,526	42,776
Common shares and retained earnings	$235,789	$194,092	$163,579	$148,706	$124,735
Current ratio	1.4	1.6	1.6	1.5	1.6
Debt to equity	2:98	3:97	5:95	7:93	10:90
Return on shareholders' equity	21.1%	17.2%	11.5%	11.0%	10.8%
Return on capital employed	20.5%	15.0%	12.0%	11.0%	10.0%
Book value per common share	$10.83	$8.92	$7.52	$6.83	$5.73

Return on shareholders' equity represents earnings from operations, excluding extraordinary item, divided by the average of the opening and closing balances of shareholders' equity.

Return on capital employed represents earnings from operations, excluding deferred income taxes and after tax interest expense, divided by capital employed. Capital employed is the average of the opening and closing balances of shareholders' equity, interest bearing debt and other long term obligations, which includes deferred income taxes.

QUARTERLY FINANCIAL DATA

(UNAUDITED)

Summarized quarterly financial data for 1984 and 1983 (in thousands of dollars, except per share data) appear below.

	SALES REVENUE		GROSS PROFIT		EARNINGS		EARNINGS PER COMMON SHARE	
	1984	1983	1984	1983	1984	1983	1984	1983
First	$240,866	$204,945	$ 87,049	$ 71,089	$15,843	$ 9,064	$0.70	$0.39
Second	272,175	214,260	100,807	76,249	20,104	11,097	0.90	0.49
Third	241,318	197,599	85,030	68,001	13,391	9,873	0.60	0.43
Fourth	194,107	167,423	61,337	59,078	4,982	8,035	0.20	0.34
	$948,466	$784,227	$334,223	$274,417	$54,320	$38,069	$2.40	$1.65

Gross profit represents sales revenue, less production and sales taxes and raw materials and manufacturing costs.

SUPPLEMENTARY INFORMATION
ON OIL AND GAS PRODUCING ACTIVITIES
(UNAUDITED)

The following unaudited supplementary information relates to the Corporation's oil and gas producing activities.

METRIC CONVERSION

The Canadian petroleum industry utilizes the metric system. The following conversion factors are given to convert metric terms to the Imperial system of units:

TO CONVERT FROM		TO		MULTIPLY BY
Cubic metres	(m^3)	Barrels	(bbl)	6.3
Thousands of cubic metres	(10^3m^3)	Thousands of cubic feet	(mcf)	35.5
Hectares	(ha)	Acres	(ac)	2.5

ESTIMATED NET QUANTITIES OF PROVED OIL AND GAS RESERVES

	YEAR ENDED MARCH 31		
	1984	1983	1982
Crude oil and natural gas liquids (10^3m^3)			
Net proved reserves at beginning of year	749	695	759
Additions from drilling	39	41	15
Revisions of previous quantities and royalties	(3)	62	(36)
Production	(60)	(49)	(43)
Net proved reserves at end of year	725	749	695
Net proved developed reserves at end of year	725	749	695
Natural gas (10^6m^3)			
Net proved reserves at beginning of year	4,114	4,210	4,138
Additions from drilling	179	88	138
Revisions of previous quantities and royalties	(165)	(87)	32
Production	(96)	(97)	(98)
Net proved reserves at end of year	4,032	4,114	4,210
Net proved developed reserves at end of year	2,917	2,214	2,295

The Corporation's oil and gas reserves are substantially all located in Canada. Estimates of proved developed reserves were prepared by independent evaluators and are deemed to be those reserves which, to a high degree of certainty, are considered to be recoverable at commercial rates under present production methods and current operating conditions, prices and costs. Estimates of proved undeveloped reserves include only those reserves which are expected to be recovered on undrilled lands from new wells which are virtually certain of production when drilled. Proved developed and undeveloped reserves do not include probable reserves nor possible additional reserves which may be found by extensions of presently proved reservoirs or by new discoveries on presently held properties.

CAPITALIZED COSTS

The aggregate capitalized cost and accumulated depletion of oil and gas properties, more than 80% of which was related to proved properties, were:

	YEAR ENDED MARCH 31		
	1984	1983	1982
Proved and unproved properties	$ 86,491,000	$ 77,463,000	$ 73,331,000
Less accumulated depletion	24,665,000	21,026,000	15,131,000
	$ 61,826,000	$ 56,437,000	$ 58,200,000

Costs capitalized in oil and gas activities

	YEAR ENDED MARCH 31		
	1984	1983	1982
Property acquisition costs	$ 2,162,000	$ 1,127,000	$ 1,878,000
Exploration costs	393,000	1,742,000	2,806,000
Development costs	6,196,000	4,128,000	2,233,000
	$ 8,751,000	$ 6,997,000	$ 6,917,000

RESULTS OF OPERATIONS FOR OIL AND GAS PRODUCING ACTIVITIES

	YEAR ENDED MARCH 31		
	1984	1983	1982
Sales revenue, net of royalties	$ 19,831,000	$ 16,169,000	$ 12,289,000
Less:			
Production costs	7,430,000	6,058,000	4,847,000
Depletion and depreciation	3,312,000	8,722,000	3,535,000
Income taxes	3,235,000	1,739,000	197,000
Results of operations from producing activities, excluding corporate overhead and interest costs	$ 5,854,000	$ (350,000)	$ 3,710,000

Production costs include lifting costs, petroleum and gas revenue taxes, as well as direct administration costs. Income taxes are net of the Alberta Royalty Tax Credit.

STANDARDIZED MEASURE OF DISCOUNTED FUTURE NET CASH INFLOWS FROM PROVED RESERVES

	YEAR ENDED MARCH 31		
	1984	1983	1982
Future net cash inflows	$431,852,000	$389,523,000	$287,853,000
Less:			
Production costs	163,224,000	153,051,000	117,027,000
Development costs	18,697,000	23,289,000	5,090,000
Income taxes	96,488,000	90,868,000	63,910,000
Future net cash inflows, undiscounted	153,443,000	122,315,000	101,826,000
Less 10% annual discount for estimated timing of net cash inflows	99,265,000	67,553,000	51,907,000
Standardized measure of discounted future net cash inflows	$ 54,178,000	$ 54,762,000	$ 49,919,000

The estimated future net cash inflows from existing proved reserves are calculated by applying year end prices and royalty rates to forecast future production volumes. Estimated production and development costs include future costs and expenditures necessary to produce existing proved reserves, assuming current cost levels. Income taxes are estimated by applying the statutory rates in effect at year end to the pre-tax net cash inflows adjusted for known permanent differences. Provincial tax credits and royalty rebates have been deducted from income taxes.

A 10% annual discount factor has been applied to the estimated timing of future net cash inflows to determine the amount of the discount. The discount was then deducted from estimated future net cash inflows to determine the Standardized Measure of Discounted Future Net Cash Inflows.

The Standardized Measure of Discounted Future Net Cash Inflows should not be considered to represent the fair market value of the Corporation's oil and gas properties.

The following are the principal changes in the Standardized Measure of Discounted Future Net Cash Inflows.

	YEAR ENDED MARCH 31		
	1984	1983	1982
Reserve additions from drilling, net of future production and development costs	$ 5,197,000	$ 6,393,000	$ 6,411,000
Changes in prior years' reserves			
Accretion of discount	8,919,000	7,481,000	6,619,000
Prices, royalties, production and development costs	2,163,000	11,480,000	4,728,000
Revision of quantities and royalties	(1,354,000)	(869,000)	(1,696,000)
Sales revenue, net of production costs and petroleum taxes	(12,401,000)	(10,111,000)	(7,442,000)
Change before income taxes	2,524,000	14,374,000	8,620,000
Income taxes	3,108,000	9,531,000	5,430,000
Change after income taxes	$ (584,000)	$ 4,843,000	$ 3,190,000

The changes in the Standardized Measure of Discounted Future Cash Inflows are calculated before income taxes, using year end selling prices, royalties and costs.

MARKET PRICE OF SHARES AND RELATED SECURITY HOLDER MATTERS

The common shares are listed on the Toronto, Montreal, Vancouver, New York and Amsterdam exchanges, using the symbol CKB. For Canadian income tax purposes, the valuation day (December 22, 1971) value was $7.50. There were 16,847 shareholders of record as at March 31, 1984.

The $2.20 Series A and $2.65 Series B preference shares are traded on The Toronto Stock Exchange. For Canadian income tax purposes, the valuation day (December 22, 1971) value was $32.00 and $36.50 respectively. There were 1,875 and 1,088 shareholders of record respectively as at March 31, 1984.

	FISCAL 1984				FISCAL 1983			
	FOURTH QUARTER Jan.1-Mar. 31	THIRD QUARTER Oct. 1-Dec. 31	SECOND QUARTER July 1-Sept. 30	FIRST QUARTER Apr. 1-June 30	FOURTH QUARTER Jan. 1-Mar. 31	THIRD QUARTER Oct. 1-Dec. 31	SECOND QUARTER July 1-Sept. 30	FIRST QUARTER Apr. 1-June 30
COMMON SHARES								
Toronto Stock Exchange								
High	$21.75	$24.12	$24.87	$23.25	$14.62	$12.00	$ 9.50	$ 8.12
Low	18.12	19.50	20.50	12.62	11.12	8.62	6.37	6.62
New York Stock Exchange (United States currency)								
High	$18.37	$19.50	$20.25	$19.00	$12.00	$ 9.87	$ 7.75	$ 6.62
Low	14.00	15.75	16.50	10.25	9.62	7.00	5.00	5.12
Dividends per common share	10.0¢	10.0¢	10.0¢	7.0¢	7.0¢	7.0¢	7.0¢	5.0¢
PREFERENCE SHARES								
Toronto Stock Exchange Series A								
High	$25.00	$25.00	$23.75	$24.75	$23.25	$21.75	$18.50	$18.00
Low	22.50	22.25	21.50	22.00	22.00	18.50	16.25	14.62
Series B								
High	$30.12	$29.00	$28.00	$30.00	$27.50	$25.50	$22.00	$21.00
Low	28.00	26.75	25.75	27.50	25.00	21.00	20.50	18.00

There are no restrictions on the export or import of capital which affect the remittance of dividends, interest or other payments to non-resident holders of the Corporation's securities.

Pursuant to the provisions of the Foreign Investment Review Act, the Corporation is deemed to be foreign controlled. As such, it may not acquire control of a Canadian business enterprise, nor establish a new unrelated business in Canada, without obtaining allowance of the investment pursuant to the Act. The Act does not apply to the purchase of shares or securities of a corporation where such purchases would not give the purchasers control of the corporation.

Withholding taxes at the rate of 25% are imposed on the payment of dividends and interest to non-residents of Canada. Under certain tax treaties, including the Canada/United States tax treaty, such rate is reduced from 25% to 15%. Capital gains on disposals are not taxable in Canada if the United States security holder has no permanent establishment in Canada.

FORM 10-K

Carling O'Keefe Limited common shares are traded on The New York Stock Exchange and the Corporation, therefore, files an annual report on Form 10-K with The Securities and Exchange Commission in Washington, D.C. Shareholders may obtain a copy of this report by writing to the Vice President Legal and Secretary of the Corporation.

VERSION FRANÇAISE

Si vous désirez un exemplaire de la version française du présent rapport, veuillez en fair la demande par écrit au:
Vice-président, Affaires juridiques et secrétaire général
Carling O'Keefe Limitée
79 St. Clair Avenue East, Toronto
Canada M4T 1M6

CARLING O'KEEFE LIMITED

PRINCIPAL OPERATING SUBSIDIARY COMPANIES

CANADA

Carling O'Keefe Breweries of Canada Limited
Carling O'Keefe Breweries Ontario Limited
Carling O'Keefe Breweries Western Limited
La Brasserie O'Keefe Ltée
Jordan & Ste-Michelle Cellars Ltd.
Star Oil & Gas Ltd.

REPUBLIC OF IRELAND

Beamish & Crawford Limited

UNITED STATES

Century Importers, Inc.

CHIEF EXECUTIVE OFFICERS OF PRINCIPAL OPERATING SUBSIDIARIES

S. RODERICK McINNES
Carling O'Keefe Breweries of Canada Limited

DONALD H. TWINER
Carling O'Keefe Breweries Ontario Limited

JOHN R. BARNETT
Carling O'Keefe Breweries Western Limited

EDWARD J. PRÉVOST
La Brasserie O'Keefe Ltée

RICHARD B. MITCHELL
Jordan & Ste-Michelle Cellars Ltd.

RALPH A. ESTELLE
Star Oil & Gas Ltd.

R. ANTHONY HALPIN
Beamish & Crawford Limited

PETER CODD
Century Importers, Inc.

EXECUTIVE OFFICES

79 St. Clair Avenue East
Toronto, Canada M4T 1M6

AUDITORS

Price Waterhouse

PRINCIPAL BANKERS

Bank of Montreal
The Royal Bank of Canada
Chemical Bank–New York

REGISTRAR IN CANADA

Montreal Trust Company

REGISTRAR IN THE UNITED STATES

Morgan Guaranty Trust Company of New York

SOLICITORS

Smith, Lyons, Torrance, Stevenson & Mayer

TRANSFER AGENTS IN CANADA

National Trust Company, Limited
Ontario, Quebec, Manitoba, Alberta and British Columbia

Canada Permanent Trust Company
New Brunswick and Nova Scotia

The Canada Trust Company
Saskatchewan

TRANSFER AGENT IN THE UNITED STATES

The Chase Manhattan Bank, N.A.

DIRECTORS

RALPH L. BEATTY, C.A.
Executive Vice President & Chief Financial Officer
Carling O'Keefe Limited, Toronto, Ontario

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Chairman of the Board and
Chairman of the Executive Committee
Argus Corporation Limited, Toronto, Ontario

PIERRE DES MARAIS II†
President, Pierre Des Marais Inc., Montreal, Quebec

JOHN H. DEVLIN
Chairman of the Board
Rothmans of Pall Mall Canada Limited
Toronto, Ontario

VERNAL C. GERMAN, P.Eng.†
Company Director and Consultant
Toronto, Ontario

WILLIAM J. M. HENNING, Q.C.*
Senior Partner, Parlee, Irving, Henning, Mustard & Rodney
Edmonton, Alberta

I. LOYOLA MATTE
Company Director, Ottawa, Ontario

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Chairman, President & Chief Executive Officer
Carling O'Keefe Limited, Toronto, Ontario

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Chairman of the Board
Rothmans International p.l.c., London, England

POUL J. SVANHOLM
President & Group Chief Executive
The United Breweries Ltd., Copenhagen, Denmark

JAMES G. TORRANCE, Q.C.*
Senior Partner, Smith, Lyons, Torrance, Stevenson & Mayer
Toronto, Ontario

LOUISE B. VAILLANCOURT*
Company Director, Outremont, Quebec

OFFICERS

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Chairman, President & Chief Executive Officer

RALPH L. BEATTY
Executive Vice President & Chief Financial Officer

J. ANTHONY GAUNTLEY, M.C.
Vice President International

PETER JOHN YOUNG
Vice President Legal & Secretary

ALAN M. HODGE
Vice President & Treasurer

CAROL A. MUNRO
Assistant Secretary

†Member of the Pension and Compensation Committee of the Board
*Member of the Audit Committee of the Board

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CARLING O'KEEFE
LIMITED